Encouraging Market Transformation through Collaboration on Energy Efficiency Standards

2018–2019 Federal-Provincial-Territorial Action Plans

Energy and Mines Ministers' Conference

Iqaluit, Nunavut

August 2018

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In August 2016, the Energy and Mines Ministers' Conference released a framework entitled *Encouraging Market Transformation through Collaboration on Energy Efficiency Standards* to define how federal, provincial and territorial governments can collaborate to achieve greater harmonization on energy efficiency standards.

The framework outlined a set of common goals that energy efficiency standards support, and the principles that define an effective and coordinated regulatory system and guide the development of joint priorities. The framework was accompanied by an action plan, to be updated annually, that outlines planned activities among federal, provincial and territorial governments in the following areas:

1. **Joint priorities for new and updated energy efficiency standards:** Product categories where federal, provincial and territorial governments will coordinate activities to implement nationally consistent new and updated energy efficiency standards.
2. **Joint priorities to prepare the market for future regulations:** Product categories where coordinated activities are required to overcome the remaining barriers to full market adoption and to facilitate future regulation.
3. **Joint priorities for improved regulatory development and implementation**: Areas where regulatory development and implementation can be improved, including labelling, compliance, reporting of information and the National Standards System.
4. **Transparency in forward regulatory plans:** Making forward regulatory plans publicly available to highlight proposed actions by federal, provincial and territorial governments.

This document provides the updated action plan for 2018–2019 and a report on the accomplishments-to-date in implementing the 2017–2018 action plan.

Section 1: 2018–2019 Action Plan

Work stream 1: Joint priorities for new and updated energy efficiency standards		
Rationale: Approximately 65% to 85% of energy use in Canadian homes and buildings results from space and water heating. The balance of energy use results primarily from appliances and lighting. New and updated energy efficiency standards for technologies that are major contributors to residential and commercial energy use can make a significant contribution to reducing greenhouse gas emissions, energy use and energy-related costs.		
	Planned activities:	**Deliverable(s):**
1	Governments will work together to agree on a common approach for minimum energy performance standards for the following products, that could be subject to stakeholder consultation in 2018-2020: • Residential gas-fired storage water heaters • Commercial gas furnaces • Electric storage water heaters • Heat-recovery ventilators • Residential windows These standards support federal-provincial-territorial market transformation efforts and climate change objectives, and would be included in future amendments to federal and/or provincial regulations. Governments will also work together to agree on proposed minimum energy performance and labelling requirements for general service lighting products that would be included in consultations for upcoming federal regulations.	1. Agree on common goals for standards: Fall 2018 2. Collect market information: 2018 and 2019 3. Initiate discussion with stakeholders: 2018-2019
2	Many additional product categories are regulated or under consideration for regulation by at least one Canadian province or another jurisdiction, but not at the federal level in Canada or the United States. Governments will review the results of a 2018 opportunities study to determine whether national standards are beneficial for these product categories.	Evaluate opportunities and determine path forward: Fall 2018
3	Governments will work together on a voluntary industry agreement for small network equipment. This would build off the successful collaboration in developing the Canadian Energy Efficiency Voluntary Agreement on set-top boxes.	Report on progress : Summer 2019

Work stream 2: Joint priorities to prepare the market for future regulations		
Rationale: There are several product categories for which existing or new high-efficiency technologies could generate further energy savings and greenhouse gas reductions; however, barriers remains to their full market adoption. For some of these product categories national standards do not yet exist. For others, high upfront costs, technical challenges or lack of know-how prevent technology uptake by consumers and businesses. These barriers are unlikely to be overcome without government action.		
Planned activities:		**Deliverable(s):**
1	Governments will work with stakeholders to implement the equipment road maps entitled: *Paving the Road to 2030 and Beyond: Market transformation road maps for energy-efficient equipment in the building sector* released in August 2018 for space heating, water heating and windows. They will also track progress of specific roadmap initiatives throughout 2018-2019 and report to energy Ministers on results achieved.	Report to federal, provincial and territorial energy Ministers on progress implementing the roadmaps: Summer 2019

Work stream 3: Joint priorities for improved regulatory development and implementation		
Rationale: Governments can benefit from collaboration in the collection of market information and intelligence to support regulatory development and implementation. This type of collaboration would support more cost-effective action, enable access to better information and ensure a robust national compliance system.		
Planned Activities:		**Deliverable(s):**
1	Governments will: • Develop a national compliance strategy for residential windows to support a provincial and federal regulatory system for this product category. • Develop a compliance approach for product categories where the federal government can only regulate product components and provinces regulate the product when assembled into a system. • Implement coordinated market surveillance activities for seven product categories. These activities will respect the compliance authorities in each regulating jurisdiction.	1. Develop national compliance strategy for windows: Spring 2019 2. Using a case study, develop a compliance approach for products that can be assembled into systems: Spring 2019 3. Implement market surveillance for seven product categories: Spring 2019

2	Gains from increased efficiency in individual products or components are, in some cases, becoming harder to attain. There may be opportunities to find greater energy savings when standards are applied at a system level. Governments will discuss: • Approaches to harmonizing codes and standards so they are mutually supportive, avoid duplicating requirements and address both system efficiency (including sizing and installation) and equipment efficiency. • Opportunities for developing and implementing system standards and how they can be used.	1. Develop recommendations for the building code development process on harmonization: Fall 2018 2. Framework for industrial systems standards: April 20

Work stream 4: Ensuring transparency in forward regulatory plans		
Rationale: To maximize transparency for stakeholders, it is necessary to share information on proposed and existing regulatory requirements, and have that information be easily accessible. Governments typically make regulatory plans and requirements public, but this information is not found in one place or compiled in a way that allows stakeholders to see the degree of harmonization across Canada.		
Planned Activities:		**Deliverable(s):**
1	Governments will compare minimum energy performance standards and test procedures in federal and provincial regulations for household appliances to understand the extent of harmonization across Canada for this category of products. This analysis can help support efforts by federal and provincial governments to increase harmonization of these standards across Canada.	Summarize results of harmonization analysis on Natural Resources Canada's website: Winter 2018-2019

Section 2: Accomplishments-to-date from the 2017-2018 Action Plan

Work stream 1: Joint priorities for new and updated energy efficiency standards			
Planned activities:		**Deliverables:**	**Accomplishments-to-date:**
1	Governments will work together with industry to assess costs and benefits of higher minimum energy efficiency standards for these products: • Residential gas-fired storage water heaters • Commercial gas furnaces • Residential oil furnaces • Residential oil boilers • Commercial oil boilers • Heat-recovery ventilators • Residential windows If beneficial, standards would be included in future amendments to federal and/or provincial regulations.	1. Agree on common goals for standards: Fall 2017 2. Collect market information: Spring 2018 3. Initiate discussion with stakeholders: Fall 2018	**ON TRACK** Federal-provincial-territorial agreed to: • Continue analysis of commercial gas furnaces, residential gas-fired storage water heaters and heat recovery ventilators. • Consider including residential windows in upcoming amendments to Canada's *Energy Efficiency Regulations*. • Not consider more stringent minimum energy performance standards for oil furnaces and boilers than proposed in Amendment 15 to Canada's *Energy Efficiency Regulations*.
2	Many additional product categories are regulated or under consideration for regulation by at least one Canadian province, but not at the federal level in Canada or the United States. Governments will assess these product categories to determine how to best bring consistency to energy efficiency	Complete an opportunities analysis for national standards: Fall 2017	**COMPLETED** Federal-provincial-territorial opportunities study analysing and prioritising 35 product categories completed in Spring 2018.

	standards. Examples include, but are not limited, to the following: • Line voltage thermostats • Televisions • Large battery charging systems • Roadway lighting		
3	Gains from improved efficiency in individual products or components are, in some cases, becoming harder to attain. There may be opportunities to find greater energy savings when standards are applied at a system level. Governments will discuss the opportunity and challenges associated with system-based standards in the Canadian context.	Discuss the feasibility and potential application of system-based standards in the Canadian context: Fall 2017	**COMPLETED** Governments explored ideas for systems-based standards, including where and how they could apply in an energy efficiency regulation. Governments agreed to continue this conversation and find possible case studies in the next action plan.

Work stream 2: Joint priorities to prepare the market for future regulations			
Planned activities:		Deliverables:	Accomplishments-to-date:
1	Governments will work with stakeholders to develop road maps to achieving the aspirational goals and overcoming market barriers outlined in the market transformation strategies report released by Energy Ministers in August 2017. • Residential windows • Residential and commercial water heaters	Develop plan for stakeholder engagement: Summer/Fall 2017 Begin engaging stakeholders in road map development: Fall 2017	**COMPLETED** Report entitled *Paving the Road to 2030 and Beyond: Market transformation road maps for energy-efficient equipment in the building sector* presented to Energy Ministers in August 2018, and includes the outcomes of workshops held with

	• Residential and commercial space heating		stakeholders to identify and prioritize initiatives to transform the market for windows, space and water heating.

Work stream 3: Joint priorities for improved regulatory development and implementation			
Planned activities:		**Deliverables:**	**Accomplishments-to-date:**
1	Governments will identify joint priorities for collaboration on post-market surveillance, as well as the collection of market data to support new and updated standards.	Identify joint priorities and implementation of market surveillance activities: Fall 2017	**COMPLETED** Government discussion of a collaborative testing plan in February 2018, which informed priorities for federal compliance activities in 2018-19. Governments continue to share market studies as needed.

Work stream 4: Ensuring transparency in forward regulatory plans			
Planned Activities:		**Deliverables:**	**Accomplishments-to-date:**
1	Governments will develop a Web portal with links to regulatory plans and/or requirements for federal, provincial and territorial governments, as applicable.	Initial Web portal launched: Spring 2018	**COMPLETED** Links to provincial requirements included on Natural Resources Canada's *Guide to the Energy Efficiency Regulations*.